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13 **UNITED STATES DISTRICT COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA**

15
16 KYLE L. CAMPANELLI, on his own
behalf and on behalf of all others
17 similarly situated,

18 Plaintiff,

19 vs.

20 IMAGEFIRST UNIFORM RENTAL
SERVICE, INC.; IMAGEFIRST
21 HEALTHCARE LAUNDRY
SPECIALISTS, INC.; IMAGE FIRST
22 OF CALIFORNIA, LLC,

23 Defendants.
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IMAGEFIRST HEALTHCARE LAUNDRY
SPECIALISTS, INC.; IMAGEFIRST OF
CALIFORNIA, LLC

Case No. 4:15-cv-04456-PJH

**STIPULATED REQUEST FOR COURT
APPROVAL OF SETTLEMENT OF
PLAINTIFF'S INDIVIDUAL CLAIMS
UNDER THE FAIR LABOR STANDARDS
ACT;**

**STIPULATION FOR DISMISSAL WITH
PREJUDICE; AND**

[PROPOSED] ORDER

F.R.C.P. 41(a)(1)(A)(ii)

Plaintiff Kyle L. Campanelli (“Plaintiff”) and Defendants Image FIRST Healthcare Laundry Specialists, Inc. and ImageFIRST of California, LLC (collectively “Defendants”) (Plaintiffs and Defendants are referred to collectively as the “Parties”), by and through their respective counsel, jointly request that the Court grant approval of their proposed settlement of Plaintiff’s individual claims under the Fair Labor Standards Act (“FLSA”). A good faith and *bona fide* dispute exists in this matter regarding: (1) whether Plaintiff was misclassified as exempt, and (2) whether he was entitled to overtime under the FLSA.

In addition, provided that the Court approves the settlement of Plaintiffs’ FLSA claims, the Parties stipulate to dismiss this action with prejudice pursuant to the Federal Rules of Civil Procedure (“F.R.C.P.”), Rule 41(a)(1)(A)(ii).

I. COURT APPROVAL OF FLSA SETTLEMENTS IS REQUIRED.

An employee’s individual claim under the FLSA may not be settled without the supervision and approval of either the Secretary of Labor or a United States District Court. *Nen Thio v. Genji, LLC*, 14 F.Supp.3d 1324, 1333 (N.D. Cal. 2014); *Lynn’s Food Stores, Inc. v. United States, et al.*, 679 F.2d 1350, 1352-53 (11th Cir. 1982); *Zhou v. Wang’s Restaurant*, No. C 05-0279 PVT, 2007 WL 2298046, at *1 (N.D. Cal. August 8, 2007). The proper procedure for obtaining Court approval of the settlement of FLSA claims is for the parties to present to the Court a proposed settlement. *Zhou*, 2007 WL 2298046 at *1.

In reviewing the settlement agreement, the Court must determine whether the proposed settlement is a fair and reasonable resolution of a *bona fide* dispute. *Nen Thio*, 14 F.Supp.3d at 1333; *Lynn’s Food Stores*, 679 F.2d at 1355; *Palega v. Property Sciences Group, Inc.*, No. C 17-00855 WHA, 2018 WL 4961694, at *1 (N.D. Cal. Aug. 2, 2018). “If a settlement in an employee FLSA suit does reflect a reasonable compromise over issues, such as . . . computation of back wages, that are actually in dispute[,] . . . the district court [may] approve the settlement in order to promote the policy of encouraging settlement of litigation.” *Lynn’s Food Stores*, 679 F.2d at 1354; *Saleh v. Valbin Corp.*, No. 17-CV-00593-LHK, 2018 WL 6002320, at *1 (N.D. Cal. Nov. 15, 2018).

1 **II. THE PROPOSED SETTLEMENT OF PLAINTIFF'S FLSA CLAIM IS A FAIR**
 2 **AND REASONABLE RESOLUTION OF A GOOD FAITH AND BONA FIDE**
 3 **DISPUTE REGARDING ALLEGED UNPAID OVERTIME WAGES.**

4 The purpose of analyzing whether the settlement is a fair and reasonable resolution of a
 5 *bona fide* dispute “is to ensure than an employee does not waive claims for wages, overtime
 6 compensation, or liquidated damages when no actual dispute exists between the parties.” *Saleh*,
 7 2018 WL 6002320 at *2 (citing *Lynn’s Food Stores*, 679 F.2d at 1353 n.8).

8 Here, Plaintiff alleges that he was owed overtime compensation for hours worked in excess
 9 of 40 hours per week in violation of the FLSA and seeks unpaid overtime compensation,
 10 liquidated damages and related attorney’s fees, due to his alleged misclassification as an exempt
 11 manager. (First Amended Complaint (“FAC”), ¶¶ 52-60.) Court approval of the Parties’
 12 settlement is proper because a *bona fide* dispute exists as to the liability for, and computation of,
 13 Plaintiff’s alleged unpaid overtime claims under the FLSA.

14 Defendants employed Plaintiff from approximately March 17, 2014 to approximately
 15 March 2, 2015, and Plaintiff worked approximately 50 weeks during that time. Plaintiff claims
 16 that he worked greater than 40 hours a week for the entire duration of his employment, and, based
 17 on his allegation of misclassification, would have been entitled to overtime under the FLSA.
 18 (FAC, ¶¶ 36, 62). Defendants vigorously disputed that Plaintiff was incorrectly classified as
 19 exempt and that he was owed *any* overtime under the FLSA. Defendants also disputed Plaintiff’s
 20 claim for liquidated damages under the FLSA on the grounds that they had acted in good faith and
 21 with a reasonable basis for believing their practices complied with the FLSA. In light of these
 22 disputes, and following the Court’s decision to deny Rule 23 class certification (Dkt. #123), the
 23 Parties engaged in good faith, arms-length settlement negotiations, with both Parties represented
 24 by experienced counsel, in order to settle not only Plaintiff’s FLSA claim, but also his numerous
 25 individual claims brought under California law.

26 Given the Parties’ *bona fide* dispute regarding both liability and the computation of any
 27 alleged unpaid overtime and liquidated damages under the FLSA, and after weighing the risks and
 28 costs of continued litigation, the Parties reached a compromise to settle Plaintiff’s individual

1 FLSA claim. The Parties executed a Settlement Agreement and General Release of all of
 2 Plaintiff's claims, including his FLSA and California law claims, as well as any other claims
 3 Plaintiff could potentially bring in connection with his employment with Defendants, for which
 4 Defendants deny all liability. The Parties allocated the settlement payments as follows: (a)
 5 payment to Plaintiff in compromise of claims for alleged unpaid wages (under both California and
 6 federal law), (b) payment to Plaintiff in compromise of claims for alleged non-wage damages,
 7 including penalties and statutory interest, and (c) payment to "The Brandi Law Firm" in
 8 compromise of claims for and relating to Plaintiff's attorneys' fees and costs incurred in litigating
 9 the claims contained in the lawsuit.¹ The amounts referenced in the Settlement Agreement are a
 10 fair and reasonable compromise of the Parties' good faith and *bona fide* dispute and include a
 11 payment in compromise for Plaintiff's FLSA claims as well as Plaintiff's claims under California
 12 law, which are not subject to the Court's approval. As such, because the settlement amount
 13 provide for not just Plaintiff's FLSA claims, but also his California law claims, the Court can be
 14 confident that Plaintiff is not waiving any claims for which there is no dispute. *Saleh*, 2018 WL
 15 6002320 at *2 (citing *Lynn's Food Stores*, 679 F.2d at 1353 n.8).

16 Based on the Parties' dispute regarding Plaintiff's entitlement to any overtime wages under
 17 the FLSA, the settlement amounts set forth in the settlement agreement represent a fair and
 18 reasonable resolution of the Parties' *bona fide* dispute and, on that basis, seek the Court's approval
 19 of the settlement agreement.

20 **STIPULATION OF DISMISSAL WITH PREJUDICE**

21 Pursuant to F.R.C.P. 41(a)(1)(A)(ii), the Parties hereby stipulate to dismiss this action with
 22 prejudice, provided that the Court approves of the settlement of Plaintiffs' FLSA claims.

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28 ¹ See the Settlement Agreement filed concurrently via the Parties' Joint Administrative Motion to
 File the Settlement Amounts Under Seal for the precise amounts of these payments.

1 Dated: April 5, 2019

THE BRANDI LAW FIRM

2 By /s/ Brian Malloy

3 Brian J. Malloy

4 Attorney for Plaintiff
KYLE CAMPANELLI

5 Dated: April 5, 2019

THE FEOLA LAW FIRM

6 By /s/ David Feola

7 David Feola

8 Attorney for Plaintiff
KYLE CAMPANELLI

9 Dated: April 5, 2019

MORGAN, LEWIS & BOCKIUS LLP

10 By /s/ Eric Meckley

11 Eric Meckley
12 Nancy Villarreal

13 Attorneys for Defendants
14 IMAGEFIRST HEALTHCARE
15 LAUNDRY SPECIALISTS, INC.;
16 IMAGEFIRST OF CALIFORNIA, LLC
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[PROPOSED] ORDER

IT IS HEREBY ORDERED, based upon good cause appearing, that the Court FINDS the compromise of Plaintiff Kyle L. Campanelli's claims for alleged overtime, liquidated damages and attorneys' fees under the Fair Labor Standards Act ("FLSA") to be a fair and reasonable compromise of FLSA claims as to which there are good faith and *bona fide* disputes regarding liability and computation of back wages.

IT IS FURTHER ORDERED that, based on this finding and the Parties' stipulation, the Court hereby DISMISSES THIS ACTION WITH PREJUDICE, pursuant to Federal Rule of Civil Procedure, Rule 41(a)(1)(A)(ii).

Dated: _____

Hon. Phyllis J. Hamilton
United States District Court Judge